



FTB Publication 1038L



Instructions for Limited Liability Companies or Limited Liability Partnerships Requesting a Tax Clearance Certificate

General Information

This publication explains the minimum requirements to dissolve or cancel a Limited Liability Company (LLC) or a Limited Liability Partnership (LLP). All the forms and instructions you need to file with **both** the California Secretary of State and the Franchise Tax Board are available in our publication, *Terminating a Business Entity* (Pub. 1151).

Canceling an LLC Registration

To cancel registration, an LLC organized or registered in California must file:

- *Limited Liability Company Certificate of Dissolution*, (SOS form LLC-3) **and**
- *Limited Liability Company Certificate of Cancellation*, (SOS form LLC-4/7). (Foreign LLCs need only file form LLC-4/7 to cancel registration.)

Important: The Secretary of State stamps a 'filed' date on its LLC-1, LLC-3, LLC-5, LLC-4/7, LLC5 and LLC-9 documents in the lower right hand portion of the form. This is the **effective date** of the filing for purposes of assessing the annual tax.

Canceling an LLP Registration

Both domestic and foreign LLPs must file a *Limited Liability Partnership Notice of Change of Status* (SOS form LLP-4) with the Secretary of State, to cancel registration. (Also see Tax Clearance below)

Important: LLPs do not file for dissolution with the Secretary of State. Instead, they automatically revert back to general partnerships after canceling their registration. The Secretary of State stamps a 'filed' date on its LLP-1 and LLP-4 documents in the lower right hand portion of the form. This is the effective date of the filing for purposes of assessing the annual tax.

Tax Clearance

Both California and foreign LLCs or LLPs must obtain tax clearance from Franchise Tax Board to complete their cancellation with the Secretary of State. To obtain a Tax Clearance Certificate, LLCs or LLPs file a *Request for Tax Clearance Certificate Limited Liability Company or Limited Liability Partnership* (form FTB 3555L).

Mail the completed *request* and the appropriate SOS forms to:

Secretary of State
Limited Liability Company / Partnership Unit
PO Box 944228
Sacramento CA 94244-2280

You must also file all required returns, pay any outstanding taxes, penalties, and interest, and do one of the following:

- File an assumption of tax liability,
- Post a surety bond,
- Post a cash bond, or
- Request a tax clearance certificate based on the taxes paid (final return).

We may ask for additional information and documentation before issuing the tax clearance certificate.

Upon approval, we will send the Tax Clearance Certificate to you and the Secretary of State. Upon your request, we will send one to your representative.

Final Return

Final returns are required from the following:

- Canceling domestic LLCs.
- Foreign LLCs that are canceling their registration
- Domestic or Foreign LLPs canceling their registration.

For information regarding the final return, see the *Partnership Return of Income* (form FTB 565, LLP) or *Limited Liability Company Return of Income* (form FTB 568).

Assumption of Tax Liability and Instructions for *Request for Tax Clearance Certificate Limited Liability Company or Limited Liability Partnership* (form FTB 3555L)

An assumption of tax liability must have a current date and **original** signatures. We will not accept a copy.

If the assumption of tax liability is filed by:

Assumer Type	Complete Pages of Form 3555
An individual	1,2, and 3
A corporation	1 and 4
A trust	1,2, and 3
An LLC or LLP	1,3, and 4

NOTE: The assumption of liability becomes effective when the entity completes its termination through the Secretary of State. All returns remain subject to audit until expiration of the normal statutes of limitations.

Surety Bond/Cash Deposit (Minimum \$2,000)

File a *Request for Tax Clearance Certificate- Limited Liability Company or Limited Liability Partnership* (form FTB 3555L) with a letter requesting a tax clearance certificate based on either a surety bond or cash deposit. We will respond by mail, stating the required amount for the surety bond or the cash deposit.

Mail the surety bond or cash deposit with a copy of our letter to:

Fiscal Accounting
Franchise Tax Board
PO Box 2800
Sacramento CA 95812-2800

We will release the bond or the cash deposit approximately one year after the termination of your entity after a final audit determines there is no tax liability.

Final Return/Taxes Paid

If the entity has ceased business and has filed or is in the process of filing the final return we may issue a Tax Clearance Certificate after final audit of the entity has determined there is no tax liability. To request a tax clearance certificate under the final return/taxes paid basis, do the following:

- Attach a letter to the final return, requesting tax clearance based on the final return/taxes paid basis.
- File the *Request for Tax Clearance Certificate Limited Liability Company or Limited Liability Partnership* (form FTB 3555L) check the box on page 1, indicating that the tax clearance certificate to be issued based on the final return/taxes paid basis.
- Attach a copy of your return to the request.

Suspended LLCs

We cannot issue a tax clearance to a suspended LLC. Suspended LLCs must first be revived to good standing. If your LLC is suspended, we will send you revivor requirements in response to your request for tax clearance.

Rush Tax Clearance

If you believe you need priority processing of your request for a tax clearance certificate, complete all the appropriate forms and include a letter stating the reason for the rush. Submit them to the address below. If your reason does not justify priority processing, we will notify you and process your request normally.

Express or Overnight Mail is to be sent to:

Tax Clearance Unit
Franchise Tax Board
Sacramento CA 95827

Emergency Cases

In some cases, you may obtain emergency approval for a tax clearance certificate from us. Please contact the Tax Clearance Unit at (916) 845-4124. If approved, pick up the certificate at:

3321 Power Inn Road Ste 250
Sacramento CA 95826

How to Get Forms

By Internet: Download Franchise Tax Board forms at www.ftb.ca.gov. Download Secretary of State forms at www.ss.ca.gov.

By Phone: Order Franchise Tax Board forms through our automated phone system. Call (800) 338-0505 and follow the recorded instructions. Please allow up to 3 weeks to receive your order.

Order Secretary of State forms at (916) 653-3795.

In Person: Most libraries have a copy of Franchise Tax Board's California package X that contains forms you can photocopy. Many also have the Package X on CD-ROM.

By Mail: For Franchise Tax Board forms, send request to: Tax Forms Request Unit, Franchise Tax Board, PO Box 307, Rancho Cordova, CA 95741-0307.

For Secretary of State forms, send request to: Secretary of State, Limited Liability Company/Partnership Unit, PO Box 944228, Sacramento, CA 94244-2280

Assistance

Telephone assistance is available from 7 a.m. until 8 p.m. Monday through Friday and from 8 a.m. until 5 p.m. on Saturdays. We may modify these hours without notice to meet operational needs.

From within the United States, call (800) 852-5711
From outside the United States, call (916) 845-6500
(not toll-free)

Website at: www.ftb.ca.gov

Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments call: from voice phone (800) 735-2922, or from TTY/TDD (800) 822-6268. For all other assistance, please call (800) 852-5711.

Asistencia para personas discapacitadas: Nosotros estamos en conformidad con el Acta de Americanos Discapacitados. Personas con problemas auditivos pueden llamar al TTY/TDD (800) 822-6268; personas con problemas de habla, pueden llamar al teléfono (800) 735-2922. Para toda otra clase de asistencia, puede llamar al número telefónico (800) 852-5711.